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In the Supreme Court
OF THE
United States

OCTOBER TERM, 1971

No. 71-1061

ARNESON PRODUCTS, INC., and HOWARD M. ARNESON,
Petitioners,

vs.

CHARLES M. BLUMENFELD, *Respondent.*

PETITION FOR REHEARING OF PETITION FOR A WRIT OF CERTIORARI to the California Court of Appeal, First Appellate District, Division Four

The petitioners Arneson Products, Inc., and Howard M. Arneson respectfully pray that the Supreme Court of the United States rehear Arneson's Petition for a Writ of Certiorari to review the judgment and option of the California Court of Appeal, First Appellate District, Division Four, which Petition was denied on March 27, 1972.

JURISDICTION

The Supreme Court has jurisdiction to grant a rehearing of and rehear Arneson's Petition for a Writ of Certiorari pursuant to Supreme Court Rule 58(2).

GROUNDS FOR REHEARING

The major questions raised by Arneson's Petition, filed with the Court on February 18, 1972, were whether the issue of a patent's validity is a waivable defense, and whether a Court should be permitted under any circumstances to adjudge a patent valid when the issue of validity had been deemed waived. On page 12 of its Petition, Arneson observed and cautioned hypothetically, that:

> "The effect of the California judgment is to endow a patent with an adjudication of validity. This not only greatly strengthens the presumption of validity of the patent, but predicates the potential evil of other courts in other infringement actions bestowing on the California judgment the benefit of comity."

The basic hypothetical evil presented in Arneson's Petition has now become reality. More specifically, on February 11, 1972, after Arneson's Petition for a Writ of Certiorari was in the hands of the printer and six days before it was mailed for filing of February 18, 1972, respondent Blumenfeld filed in the United States District Court for the Northern District of California a counterclaim against Arneson for patent infringement under the Patent Laws of the United

States in respect to alleged infringement by Arneson of U.S. Patent 2,919,027 since cancellation of a license in July, 1969. In its counterclaim, reproduced in this petition as Appendix A, Blumenfeld has affirmatively pleaded that Arneson, by virtue of the State Court's declaration of validity, is collaterally estopped from challenging the validity of the patent in the U.S. District Court action.

Since Arneson's brief was in printing when it received Blumenfeld's counterclaim, Arneson was unable to raise before the Supreme Court Blumenfeld's attempted collateral reliance on an ex cathedra *State court* declaration of validity in a subsequent *Federal court* action which seeks an accounting due to alleged patent infringement.

It is, therefore, respectfully submitted that the filing of Blumenfeld's counterclaim is not only an intervening circumstance of substantial and controlling effect, but also gives rise to an additional ground of issuance of the writ, unavailable from a practical standpoint at the moment of filing. *Shriber-Schroth Co. v. Cleveland Trust Co.*, 305 U.S. 47, 50 (1938).

To give collateral effect to a State court judgment of validity, where the issue of validity was never tendered nor tried, in a subsequently filed federal action for patent infringement flies in the face of federal patent policy as announced by this Court in the following decisions:

Sinclair & Carroll Co., Inc. v. International Corp., 325 U.S. 327, 330 (1947):

Graham v. John Deere, 383 U.S. 1, 13 (1966):

Lear, Inc. v. Adkins, 395 U.S. 653, 671 (1969); and

Blonder-Tongue Laboratories v. University of Illinois Foundation, 402 U.S. 313, 334, 336 (1971).

Blumenfeld's reliance upon the collateral estoppel effect of the State court judgment affirmatively asserts the patent as an indisputable monopoly, unbridled by a judicial determination as to its true legal scope. This Honorable Court should reverse the decision of the California Court of Appeal or, in the alternative, mandate that the issue of U.S. Patent 2,919,027's validity be tried on the merits by the District Court for the Northern District of California.

Dated, San Francisco, California,
April 14, 1972.

Respectfully submitted,
CHARLES E. TOWNSEND, JR.,
Attorney for Petitioners.

TOWNSEND AND TOWNSEND,
STEPHEN S. TOWNSEND,
ANTHONY B. DIEPENBROCK,
WILLIAM D. MCCANN,
Of Counsel.

Certificate of Counsel

I, Charles E. Townsend, Jr. am the principal attorney of record for Petitioner and hereby certify that the foregoing petition is presented in good faith for bona fide legal reasons and not for purposes of delay, and is confined to the intervening circumstance of respondent's reliance on a previously unlitigated State Court finding of patent validity in a subsequently filed Federal action.

Dated, San Francisco, California,
April 14, 1972.

Charles E. Townsend, Jr.

(Appendix A Follows)

Appendix A

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Attorneys for Defendant

In the United States District Court
Northern District of California

Civil Action No. C-72-3-SAW

Arneson Products, Inc., a California corporation
Plaintiff,
vs.
Charles M. Blumenfeld.
Defendant.

ANSWER AND COUNTERCLAIM

Defendant Blumenfeld answers plaintiff's complaint and counterclaims as follows:

1. Defendant admits the allegations in Complaint Paragraphs I and II.

2. Defendant denies the allegations in Complaint Paragraph III because plaintiff is barred by collateral

estoppel from questioning validity and infringement of U.S. Patent 2,919,027. This Court should decline jurisdiction of plaintiff's declaratory-relief in view of the state-court action referred to in Paragraph 6 below.

3. Defendant admits the allegations in Complaint Paragraph IV.

4. Defendant admits the allegations of the first three sentences of Complaint Paragraph V, but denies the allegations of the fourth and fifth sentences of Paragraph V. The full text of Conclusion of Law IV referred to in Paragraph V is:

> "In accordance with 35 U.S.C. 282, claim 3 of plaintiff's [Blumenfeld] U.S. Patent No. 2,919,027 is presumed to be valid, and no testimony or other evidence overcame that presumption. Accordingly, Claim 3 of U.S. Patent No. 2,919,027 is valid and infringed by the defendants' [Arneson] "Pool Sweep" cleaner, although no issue of validity was tendered herein."

5. Defendant denies the allegations of Complaint Paragraphs VI, VII and VIII, and denies that plaintiff is entitled to any relief requested in the Complaint.

Affirmative Defense

6. Plaintiff is barred by collateral estoppel from relitigating validity of claim 3 of defendant's U.S. Patent 2,919,027, and infringement of claim 3 of the patent by plaintiff's "Pool Sweep" device. These questions are determined by a judgment (copy attached as Exhibit 1) of the Superior Court of Marin County,

California, in an action titled Blumenfeld v. Arneson Products, Inc., et al. This judgment was affirmed by the First Appellate District of the California Court of Appeal (the decision is reported at 172 U.S.P.Q. 76, copy attached as Exhibit 2), a petition for rehearing was denied by the Court of Appeal on December 10, 1971, and a petition for hearing was denied by the California Supreme Court on January 6, 1972.

Counterclaim

7. This counterclaim arises under the Patent Laws of the United States, and this Court has jurisdiction under 28 U.S.C. 1338(a).

8. Defendant owns U.S. Patent 2,919,027 which was duly and legally issued to defendant by the U.S. Patent Office on December 29, 1959.

9. Plaintiff resides and has a regular and established place of business in the Northern District of California.

10. Plaintiff makes and sells in the Northern District of California a "Pool Sweep" swimming-pool cleaner.

11. Plaintiff's "Pool Sweep" cleaner, for purposes of determining infringement of claim 3 of defendant's U.S. Patent 2,919,027, is identical to plaintiff's "Pool Sweep" cleaner which is the subject of the judgment referred to in Paragraph 6 above.

12. Plaintiff's "Pool Sweep" cleaner infringes claim 3 of defendant's U.S. Patent 2,919,027.

13. Plaintiff's "Pool Sweep" cleaner has been determined to infringe claim 3 of defendant's U.S. Pat-

ent 2,919,027 by the judgment referred to in Paragraph 6 above.

14. Claim 3 of defendant's U.S. Patent 2,919,027 has been determined valid as between the parties to this action by the judgment referred to in Paragraph 6 above.

15. Plaintiff has intentionally infringed claim 3 of defendant's U.S. Patent 2,919,027 in disregard of the judgment referred to in Paragraph 6 above, and defendant is entitled to recover its attorney fees in defending and prosecuting this action.

Wherefore, defendant requests a preliminary and final injunction restraining plaintiff from further acts of infringement, an accounting for damages, an award to defendant of three times the damages determined by the accounting, an assessment of costs against plaintiff, an award of attorney fees to defendant, and an order denying any relief on plaintiff's claim.

Christie, Parker & Hale
Attorneys for Defendant

s/ R. W. Johnston
R. William Johnston

Dated, February 10, 1972.

CERTIFICATE OF SERVICE

A copy of the foregoing Answer and Counterclaim was served on plaintiff Arneson Products, Inc. this 10th day of February 1972 by first class mail directed to its attorney of record Townsend and Townsend, One Kearny Street, San Francisco, California 94108.

R. William Johnston